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FISCAL IMPACT STATEMENT

LS 7466

BILL NUMBER: HB 1337

NOTE PREPARED: Jan 27, 2013

BILL AMENDED:

SUBJECT: School Accountability and Turnaround Academies.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: *Academic Growth* - This bill provides that academic growth is the primary measure of assessing school performance.

Turnaround Academies - The bill requires the State Board of Education (State Board) to set specific goals for a Turnaround Academy, and allows the Turnaround Academy to be operated by a special management team. It provides that a Turnaround Academy that meets the goals set for it becomes an independent school. The bill also sets forth provisions concerning the operation of a Turnaround Academy and an independent school.

School Expenditures - The bill requires the State Board to have performed an annual analysis showing how school corporation spending correlates to student progress, and requires the Department of Education to include a copy of the annual analysis on the Department's Internet web site.

Performance Consequences - The bill sets forth consequences for schools and school corporations that are in the two lowest categories or designations of school performance, including placing a school corporation into academic receivership.

High Performing Schools - The bill creates a designation of "high performing school corporation", and provides that certain statutes and rules may be waived for a high performing school corporation.

Waivers - It provides that a waiver of the requirements for graduation for a student must be approved by the State Board.

Repealer - The bill repeals provisions concerning:

1. Graduation standards in effect before July 1, 2010;
2. A parent's request to exempt a student from Core 40 requirement;
3. A student not passing at least three Core 40 courses;
4. A student scoring within the twenty-fifth percentile or lower on a graduation examination; and
5. A student whose parent does not attend a meeting with the student and a counselor.

It makes conforming amendments.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Academic Growth* - Requiring academic growth to be the primary measure of assessing school performance should have only a minor fiscal impact to the State Board and Department of Education (DOE). Academic growth is currently one of the measures used to evaluate school performance.

Turnaround Academies - The bill requires the State Board to set annual goals for a turnaround academy that include:

1. Academic goals, including raising the school's performance category by at least 2 levels.
2. Attendance goals for teachers and students.
3. Goals to increase measures used to determine placement in a school performance category.
4. Financial management goals.
5. Other goals.

The State Board must also identify consequences for failing to meet the goals and may require a performance bond of a special management team that operates a turnaround academy. To monitor the progress being made by a turnaround academy in annually attaining the stated goals, the State Board is to have the DOE, another state agency, or a research institute analyze data and information relating to each turnaround academy's attainment of annual performance goals. The studies could probably cost about \$20,000 annually.

The bill clarifies the relationship between a turnaround academy or a lead partner and the State Board by specifying elements to the contract. The contract with a turnaround academy would include:

1. The length of the contract.
2. The level of services provided.
3. The entity responsible for providing necessary services to the school and students in the school.
4. Any other provisions the parties might consider necessary.

The contract with a lead partner also would include:

1. The length of the contract.
2. Consideration.
3. Performance goals.
4. Cancellation procedures.
5. Renewal procedures.
6. Any other provisions the parties might consider necessary.

These provisions should have no fiscal impact.

The bill also clarifies that a school corporation which previously operated a school that has become a turnaround academy is responsible for providing funding to the turnaround academy for transportation of students. The turnaround academy must decide if the school corporation is to provide services or resources to the turnaround academy for the maintenance and repair of buildings. The maintenance and repair expenditures for the turnaround academy are probably about the same as what school corporation would have had if they had continued to operate the school so there should be no fiscal impact.

School Expenditures - The fiscal impact of performing an annual analysis showing how school corporation spending correlates to student progress and posting on the DOE's website should be minor. The DOE already collects school expenditure and student progress information annually. Any additional cost could be attributable to the data analysis.

Performance Consequences - The bill changes the performance consequences schedule for schools and school corporations. For a school or school corporation in the lowest two performance categories for four consecutive years, the State Board may take following actions:

1. Merge the school with a nearby school that is in a higher performance category.
2. Assign a special management team to operate all or part of the school.
3. Implement the DOE's recommendations for improving the school.
4. Close the school.
5. Implement other options for school intervention.
6. Close the school and reopen it as a charter school.

Currently a school has to be in the lowest performance category for five consecutive years to be subject to the performance consequences. The bill would increase the number of schools subject to the performance consequences. There are currently about seven schools subject to the performance consequences. The bill could increase the number of schools to about 51 schools. The bill could also result in an indeterminable increase in the workload of the DOE.

The bill also establishes performance consequences for school corporations that are placed in the lowest two categories for four consecutive years. For such school corporations, the State Board could take the following actions:

1. Merge the school corporation with a nearby school corporation not in the two lowest performance categories.
2. Assign a special management team or lead partner to operate all or part of the school corporation.
3. Implement the DOE's recommendations for improving the school corporation.
4. Dissolve the school board and install a state appointed school board.
5. Transfer all or part of the school corporation's authority to another entity.
6. Require the State Board to approve the school corporation's managerial actions.
7. Appoint an academic receiver.
8. Implement at least one of the school performance consequences for schools in the school corporation.
9. Instruct the DOE to nullify the school corporation's eligibility for competitive, discretionary, or elective grant programs.
10. Take other actions to improve the education of affected students in the school corporation.

If a school corporation is placed in academic receivership the actions that the academic receiver could take include:

1. Shifting resources.

2. Changing or removing staff.
3. Establishing a new educational plan.
4. Contracting for the management of the corporation or school in the corporation.
5. Canceling, modifying, or renegotiating existing contracts.
6. Modifying the grade configuration of schools.
7. Converting any school to a charter school.
8. Closing any school.
9. Any other management, personnel, or policy changes to raise performance.

The costs associated with the receiver's action would have to do with the school corporation's current resources. It is unknown how many school corporations would be subject to these performance consequences since in the past school corporations have not been placed in performance categories. The bill would also shift resources either to public schools or special management teams depending on the option selected by the DOE.

Graduation Waivers: The requirement that the State Board approve each graduation waiver for a student that does not get a passing score on the graduation exam could increase the workload of the State Board and the Department. For the 2010-11 school year, about 16.4%, 10,500 students, of graduates used a graduation waiver. The State Board might have to approve approximately 10,500 graduation waivers per year. The State Board could probably approve the waivers in large groups based on recommendations by the Department. If waiver approval process took about 1/4th of a staff's time, the cost would be about \$23,000 annually.

Explanation of State Revenues:

Explanation of Local Expenditures: *Academic Growth* - Requiring academic growth to be the primary measure of assessing school performance should have only minor fiscal impact on schools. Academic growth is currently one of the major measures of school performance.

Turnaround Academies -The clarification in the responsibilities and property of school corporations and turnaround academies should simplify the transfer of a school from a school corporation to a turnaround academy.

The provisions in the bill relating to the conversion of a turnaround academy to an independent school deal with the creation of the new school board, admission policies, and the operation of the independent school. The provision should have no fiscal impact since the provisions are the same for other schools.

Performance Consequences - See *Explanation of State Expenditures*.

High Performing Schools - The bill allows high performing school corporations to have the following statutes waived by the State Board:

1. Length of Student Instructional days.
2. Minimum number of student instructional days.
3. Penalty for failure to conduct minimum number of student instruction days.
4. Minimum length of school term.
5. Application requirements for community or volunteer credits.
6. Strategic and continuous school improvement and achievement plan.

A high achieving school corporation is defined as a corporation that for at least two consecutive school years

was in the highest performance category and each school in the corporation was also in the two highest performance categories. Approximately 34 school corporations have had every school in their corporation in the two highest categories for the last two years. The bill could reduce school administrative and program costs for high performing schools. The amount of the savings is unknown.

Graduation Waivers - The school would have to submit requests for graduation waivers to the State Board. The bill could increase the time needed for a waiver to be approved but the cost to the school would be minor.

Repealers - The bill repeals various meetings that the school counselor is required to have with the student and the student's parent concerning the benefits of a general diploma or a core 40 diploma. The bill could have minor savings to schools.

Explanation of Local Revenues:

State Agencies Affected: State Board of Education, Department of Education.

Local Agencies Affected: Public schools

Information Sources: Department of Education databases.

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